

Message Text

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60

ACTION IO-11

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

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R 261521Z FEB 76

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 7872

INFO USMISSION USUN NEW YORK

USMISSION OECD PARIS

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EO 11652: NA

TAGS: UNIDO, EAID, AU

SUBJECT: UNIDO CONSIDERATION OF AUSTRIA PROPOSAL FOR ASSISTING
INDUSTRIAL DEVELOPMENT OF DEVELOPING COUNTRIES

REF: A. VIENNA 1475 (NOTAL), (B) VIENNA A-013 (NOTAL)

1. MISSION IS AIR POUCHING IO/CMD COPIES OF MEMORANDUM
RECENTLY SUBMITTED TO UNIDO SECRETARIAT BY OFFICIALS OF
THE FEDERAL CHANCELLERY OF THE AUSTRIAN GOVERNMENT
(STATE SECRETARY VESELSKY AND DIRECTOR OF THE DEVELOPMENT
OFFICE ZUK) OUTLINING PROPOSAL FOR PROVIDING ADDITIONAL
ASSISTANCE TO DEVELOPING COUNTRIES IN THE INDUSTRIAL
DEVELOPMENT FIELD. MISSION ALSO AIR POUCHING "NOTE
FOR THE FILES" DICTATED BY UNIDO EXECUTIVE DIRECTOR AFTER
DISCUSSION OF THE PROPOSAL BETWEEN THE ABOVE MENTIONED
AUSTRIAN OFFICIALS AND THE UNIDO SECRETARIAT. DOCUMENTS
OBTAINED ON CONFIDENTIAL BASIS FROM AMCIT SECRETARIAT
MEMBER.

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2. SCHEME IS ESSENTIALLY BASED ON PROPOSITION THAT EXCESS CAPACITY (UNEMPLOYMENT) CURRENTLY AND FORESEEABLY EXISTS IN THE INDUSTRIAL DEVELOPED COUNTRIES. MAKING USE OF THESE SUPPLY OPPORTUNITIES TO PRODUCE AND TRANSFER TO DEVELOPING COUNTRIES THE EQUIPMENT AND OTHER GOODS CAPABLE OF BEING PRODUCED BY SUCH UNUSED CAPACITY WOULD SIMULTANEOUSLY HELP RAISE THE LEVEL OF EMPLOYMENT IN INDUSTRIALIZED COUNTRIES SUFFERING BY RECESSION AND MAKE A NET CONTRIBUTION TO AID TO DEVELOPING COUNTRIES WHICH COULD BE USED TO ASSIST THEIR INDUSTRIAL DEVELOPMENT. AUSTRIAN MEMORANDUM TALKS IN TERMS OF ESTABLISHING LISTS OF GOODS AND EQUIPMENT FROM WHICH RECIPIENT COUNTRIES WOULD MAKE CHOICES UTILIZING "DRAWING RIGHTS" BASED ON THE AMOUNTS OF OFFERS OF DEVELOPED COUNTRIES AND SUGGESTS THAT AN AID SCHEME OF THIS SORT WOULD NOT ENTER INTO COMPETITION WITH OTHER DONOR AID IN TRADITIONAL "FINANCIAL" FORM. (NOT CLEAR FROM AUSTRIAN MEMORANDUM HOW PROPOSED SCHEME WOULD OPERATE WITHOUT FINANCIAL APPROPRIATIONS BY DONOR COUNTRY AND THUS AVOID DIRECT COMPARISON WITH AND COMPETITION WITH OTHER AID APPROPRIATIONS.) AS FOR HARD CURRENCY REQUIREMENTS OF THE SCHEME (E.G. TO COVER OVERHEAD COSTS OF ADMINISTRATION) AUSTRIAN MEMORANDUM SUGGESTS THESE MIGHT BE COVERED FROM BUDGETARY ALLOCATIONS UNDER EXISTING BILATERAL PROGRAMS.

3. AUSTRIANS SUGGEST THAT UNIDO MIGHT TAKE ON THE FUNCTION OF A "CLEARING HOUSE", COLLECTING OFFERS OF DONOR COUNTRIES AND MATCHING THESE TO DEVELOPING COUNTRY REQUIREMENTS. IN THE PROCESS IT WOULD OVERSEE THE UTILIZATION BY DEVELOPING COUNTRIES OF THE DRAWING RIGHTS THAT MIGHT BE ESTABLISHED.

EXECUTIVE DIRECTOR'S NOTE FOR THE FILES WELCOMES THE IDEA AND THE PROSPECTS WHICH IT OPENS UP FOR UNIDO AND CONCLUDES WITH THE COMMENT THAT THE SCHEME SEEMS TO BE SO INTERESTING AND SO IMPORTANT IN ITS FAR-REACHING IMPLICATIONS THAT IT COULD BE POSSIBLE TO ENVISAGE PUTTING IT INTO EFFECT ON A TRIAL BASIS EVEN IF ONLY LIMITED OFFICIAL USE

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ONE OR MORE COUNTRIES ARE PREPARED TO GO ALONG WITH THE IDEA.

4. EX DIR'S NOTE FOR THE FILES ALSO REFERS TO A COMMENT BY THE AUSTRIAN OFFICIALS THAT AUSTRIANS ARE NOW IN THE PROCESS OF HAVING DISCUSSIONS ON THE SCHEME WITH THEIR WESTERN PARTNERS. MEANWHILE, ROTHBLUM (US-EX DIR'S OFFICE) HAS BEEN CHARGED WITH DEVELOPING

ANALYSIS OF HOW UNIDO MIGHT ASSUME ROLE SUGGESTED FOR
IT IN THE AUSTRIAN PAPER SHOULD THE SCHEME BE PUT
INTO EFFECT BY ONE OR MORE COUNTRIES.

5 . COMMENT: AUSTRIANS HAVE INFORMALLY DISCUSSED IDEA
FOR WHAT IS SOMETIMES TERMED A "REVERSE MARSHALL PLAN"
WITH EMBASSY OFFICERS AND DURING LAST NOVEMBER'S
DAC REVIEW OF AUSTRIAN ASSISTANCE PROGRAMS
(DAC/AR/75)3/02). AS REQUESTED IN REF B MISSION AND
EMBASSY WOULD APPRECIATE ANY USG VIEWS ON AUSTRIAN PROPOSAL
AS WELL AS RECTION IT RECEIVED IN OECD. AUSTRIAN SCHEME
AND POSSIBLE UNIDO LINKAGE WITH OPEC SPECIAL FUND
(REPORTED REF A) OPEN UP POSSIBILITIES OF UNIDO
ACTIVITIES OF BROAD SCOPE NOT ENVISAGED IN THE 1976-77
PROGRAM/BUDGET SUBMITTED TO THE 30TH GA. QUESTION OF
WHEHTER A UNIDO CLEARING HOUSE SHOULD BE PART OF THE
OPERATION OF THE AUSTRIAN PROPOSAL, PARTICULARLY IF
IMPLEMENTED BY ONLY SMALL NUMBER OF DONOR COUNTRIES
WOULD NEED FURTHER CONSIDERATION. STIBRAVY

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Margaret P. Grafeld
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